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LI-CHUNG SULFURIC ACID PLANT IN TIENTSIN

Ta Kung Pao  
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[Summary: The Li-chung Sulfuric Acid Plant in Tientsin made final arrangements in November 1953 to convert to a public-private jointly operated plant in early 1954. Expansion and renovation began in August 1953 with government technical assistance. The price of sulfuric acid sold by the company had fallen to 3,350,000 yuan per ton by the end of 1952 after the government took over the marketing of the product. Production of sulfuric acid during November and December 1953 was planned at the rate of 23 carboys per ton of iron sulfide.]

Before the liberation, the Li-chung Sulfuric Acid Plant in Tientsin had an almost perfect monopoly on sulfuric acid in North China. The plant did not give up hope of retaining its monopoly after the liberation and even attempted to maintain its profits at 50 percent [presumably of retailing price].

At the Acid, Salt, and Dyestuffs Industries Conference [no date given], the Ministry of Heavy Industry announced the maximum price for sulfuric acid produced by state-operated firms to be 4 million yuan per ton. At that time, the Li-chung Company was charging 5,800,000 yuan per ton. After the conference, the state-operated sulfuric acid plants in the Northeast began sending a steady flow of sulfuric acid into North China, underselling the Li-chung Company. The Li-chung Company estimated that each shipment of sulfuric acid into North China by these state-operated plants equaled half of the yearly production of the company. By the end of 1951, the price of sulfuric acid produced by the Li-chung Company had fallen to 4,400,000 yuan per ton, but in spite of this drop, 220 tons accumulated at the plant. This surplus was valued at approximately one billion yuan, or one fifth of the plant's total capital.

By April 1952, the company was ready to allow the government to market its acid. The plant could thus devote its entire effort to production, and could disband several of its supporting offices. The price was cut to about 3,800,000 yuan per ton, and the surplus stock was cleared very rapidly. Over 300 tons of sulfuric acid were purchased by the government during the Five-Anti's campaign.

In November 1952 the state-operated Chung-kuo Chemical Supply Company obtained the sole right to market the Li-chung Company's acid. The workers signed a production contract with the management specifying a minimum rate of production of 21.31 carboys of sulfuric acid per ton of iron sulfide, an increase of 0.36 carboy per ton over previous production. In the second quarter of 1953, the rate was raised to 21.78 carboys per ton.

By the end of 1952, the price had fallen to 3,350,000 yuan per ton. Plant Manager I Shu-p'ing stated that the company was earning a profit at a rate of 1,400,000,000 yuan [per year] despite the fact that it was netting only a 20 percent profit as compared to 50 percent in the past.

At the beginning of 1953, the stockholders of the Li-chung Company made plans for renovating and expanding the plant. However, since they lacked the necessary capital, they requested the government to invest in the company. The request was submitted to the Tientsin Committee of Finance and Economics, and

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a study was made with government officials to determine the proper methods of carrying out the renovation and expansion. Large-scale plant renovation began in August 1953, and lasted for 2 months. In November 1953, it was agreed that at the beginning of 1954 the plant would convert to a public-private jointly operated plant, and that the government would then invest funds according to the actual needs of the company's expanded production.

Enthusiasm over the conversion caused the workers to break many production records. Workers in the pyrite furnace shop increased the amount of raw materials fed to the furnaces from 5 tons to 5.5 tons per day, raising the production of sulfuric acid 10 percent. This forced the management to revise its previous estimate of the saturation point in the pyrite furnaces. Contracts signed for November and December 1953 between the workers and management specified a production rate of 23 carboys of sulfuric acid per ton of iron sulfide: an increase of 2.04 carboys over the production figure at the time when the company was still marketing its own goods.

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